

Message Text

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ACTION EB-03

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FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 2174

C O N F I D E N T I A L JAKARTA 8773

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, EINV, ID

SUBJECT: SUIT AGAINST ROY M. HUFFINGTON

REF: JAKARTA 8052

1. REFTEL REPORTED DECISION IN CIVIL SUIT AGAINST ROY M. HUFFINGTON, INC. AND COURT ACTION REQUIRING COMPANY TO MAKE IMMEDIATE PAYMENT OF \$25 MILLION IN DAMAGES. HUFFCO OFFICIALS HAVE NOW REQUESTED EMBASSY ASSISTANCE AND APPOINTMENT HAS BEEN MADE FOR THEM WITH MINISTER SUMARLIN JULY 2. HUFFINGTON HIMSELF PLANS TO SEE MINISTER WIDJOJO DURING LATTER'S VISIT TO NEW YORK NEXT WEEK. IT IS POSSIBLE THAT EITHER WIDJOJO OR HUFFCO PEOPLE MAY ALSO MENTION CASE IN DEPARTMENT.

2. ON JUNE 30 HUFFCO GENERAL MANAGER, CHARLES HICKS, CALLED AT AMBASSADOR'S SUGGESTION TO DISCUSS CURRENT STATUS OF EFFORTS TO REVERSE COURT ORDER ON IMMEDIATE PAYMENT AND TO LIFT BLOCKAGE OF HUFFCO BANK ACCOUNT. AT FIRST MEETING HICKS SAID COMPANY HOPED THAT AS RESULT OF VARIOUS INTERVENTIONS SUPREME COURT JUSTICES MIGHT SET ASIDE LOWER COURT ORDER. AT THAT POINT EMBASSY INTERVENTION DID NOT SEEM NECESSARY.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 08773 010920Z

3. HICKS HAD BEEN ENCOURAGED BY FACT THAT PRESIDENT HARYONO OF PERTAMINA HAD WRITTEN LETTER TO SUPREME COURT AND MATTER HAD ALSO BEEN PLACED BEFORE MINISTER WIDJOJO. BOTH WERE CONSCIOUS OF POSSIBLE ADVERSE REPERCUSSIONS ON INVESTMENT CLIMATE. (ON JUNE 22 DURING VISIT OF GAO AUDITORS, HARYONO HAD ALSO MENTIONED PROBLEM TO EMBASSY

OFFICER AND HAD SUGGESTED POSSIBLE EMBASSY INTERVENTION.)

4. LATER ON JUNE 30 HICKS PHONED AMBASSADOR TO REPORT SETBACK IN EFFORTS WITH SUPREME COURT. CHIEF JUSTICE SENO ADJIE HAD TAKEN MATTER OUT OF HANDS OF OTHER JUDGES. HICKS SUSPECTED CHIEF JUSTICE HAD LINKS WITH JUDGE WHO HAD MADE PREVIOUS RULING AND THAT CHANCES OF EARLY RESOLUTION HAD LESSENER. HE ASKED SUCH HELP AS AMBASSADOR MIGHT BE ABLE TO GIVE.

5. ON JULY 1 AMBASSADOR PHONED MINISTER SUMARLIN AND DESCRIBED PROBLEM. SUMARLIN ASSUMES WIDJOJO RESPONSIBILITIES IN LATTER'S ABSENCE AND HAD BEEN HELPFUL ON JESSUP INCO CASE. AMBASSADOR STRESSED THAT MATTER COULD RECEIVE PUBLIC ATTENTION AT PARTICULARLY INOPPORTUNE TIME SINCE PRESIDENT SUHARTO SCHEDULED TO OPEN HUFFCO BADAQ FIELD ON AUGUST 1. AMBASSADOR POINTED OUT THAT WHILE CASE NOT EXACTLY LIKE JESSUP CASE, THERE WERE THOSE WHO FELT IT WAS ANOTHER EXAMPLE OF POSSIBLE HARRASSMENT OF FOREIGN ENTERPRISE BY COLLUSION BETWEEN PLAINTIFF AND COURTS. SUMARLIN, WHO IS TOP GOI EXECUTIVE IN CHARGE OF ANTI-CORRUPTION CAMPAIGN, UNDERSTOOD STIUATION IMMEDIATELY AND SAID HE WOULD SEE HUFFCO REPRESENTATIVES AND THEIR INDONESIA LAWYER.

6. COMMENT. WE HOPE THAT OUR INTERVENTION, BY LETTING SUMARLIN KNOW OF OUR CONCERN, WILL LEAD TO A BREAKTHROUGH
CONFIDENTIAL

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PAGE 03 JAKART 08773 010920Z

IN RESOLVING THE CASE FAVORABLY. IT IS CLEAR THAT SEIOR GOI OFFICIALS, SUCH AS WIDJOJO, SUMARLIN, SADLI AND HARYONO, ARE QUITE SENSITIVE TO THE BROADER CONSEQUENCES OF THIS CASE OF INDONESIA'S INVESTMENT CLIMATE AND IMAGE. IN THISCONNECTION, HUFFCO WILL INFORM SUMARLIN, AS THEY ALSO HVE TOLD HARYONO AND SADLI, THAT COMPANY WILL HAVE TO REPORT TO SEC ANY PAYMENTS MADE IN CONNECTION WITH PRESENT CASE AND THAT SEC HAS AUTHORITY TO PUBLISH THIS INFORMATION. WE PRESUME THAT SUMARLIN WILL ALSO BRING MATTER TO PRESIDENT SUHARTO'S ATTENTION.

7. EMBASSY UNDERSTANDS GEORGE BENSON OF PERTAMINA ALSO FOLLOWING THIS CASE. SUGGEST DEPARTMENT INFORM HIM OF AMBASSADOR'S INTERVENION.
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